

## The Economy and the Labour Market: Review and Outlook

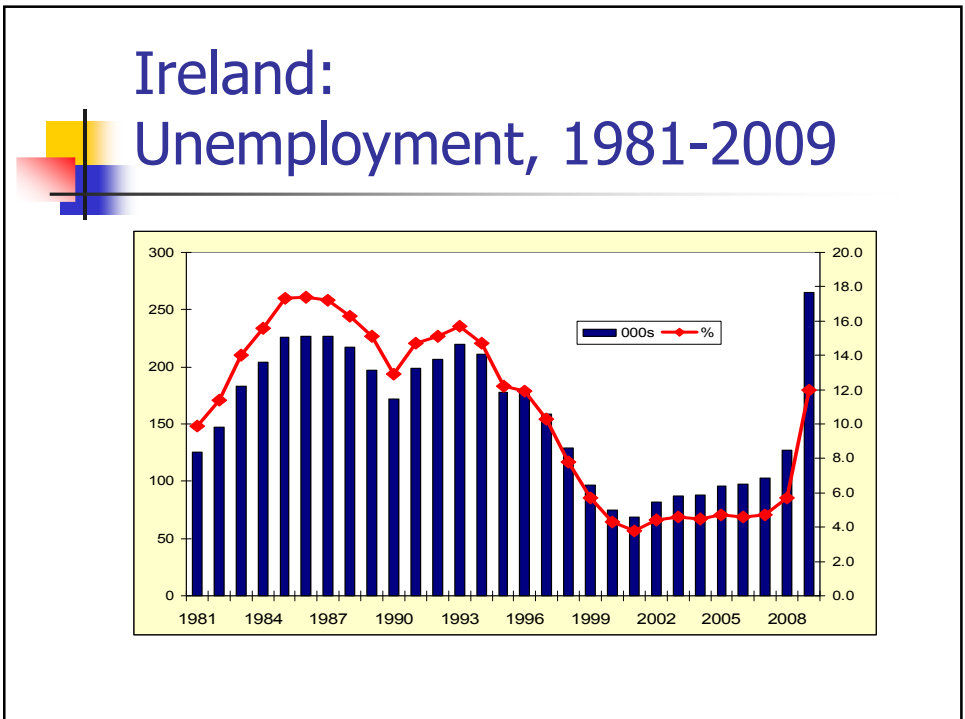
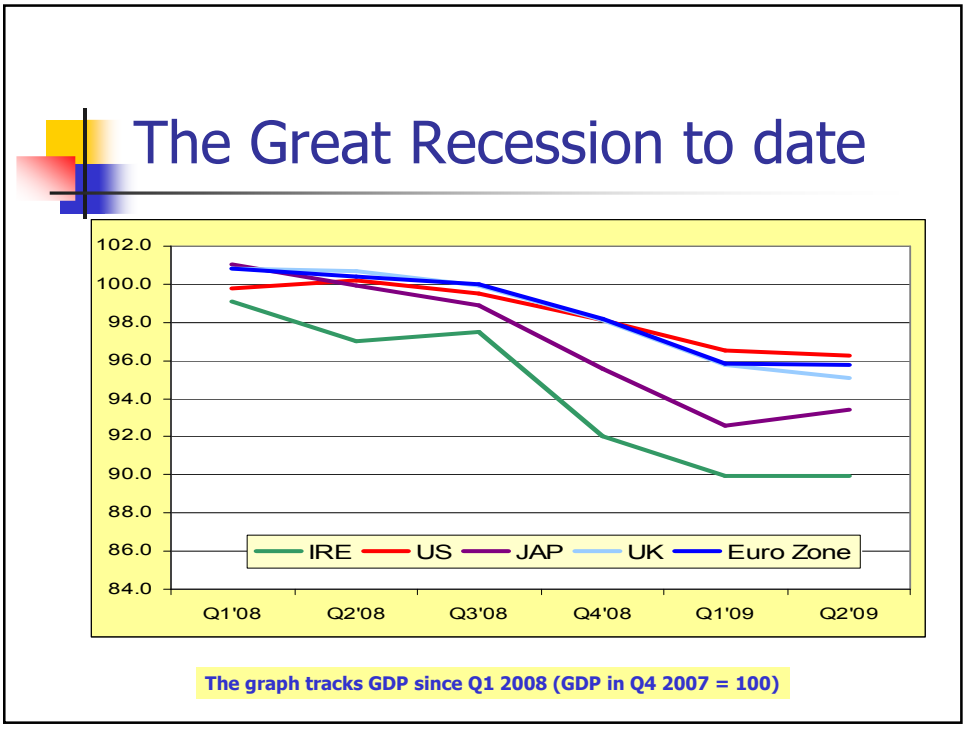
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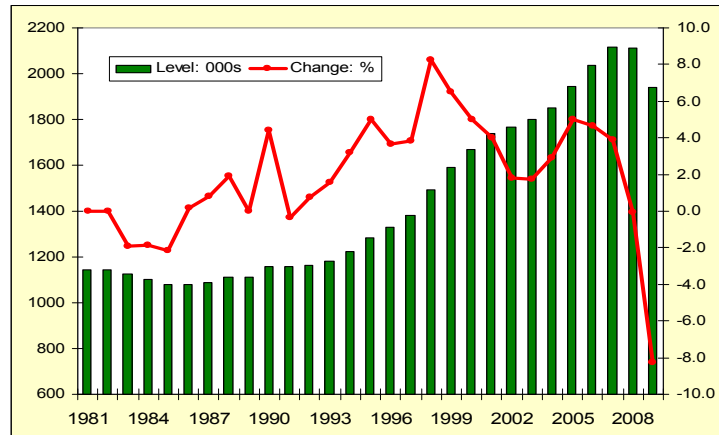


## The recession in context

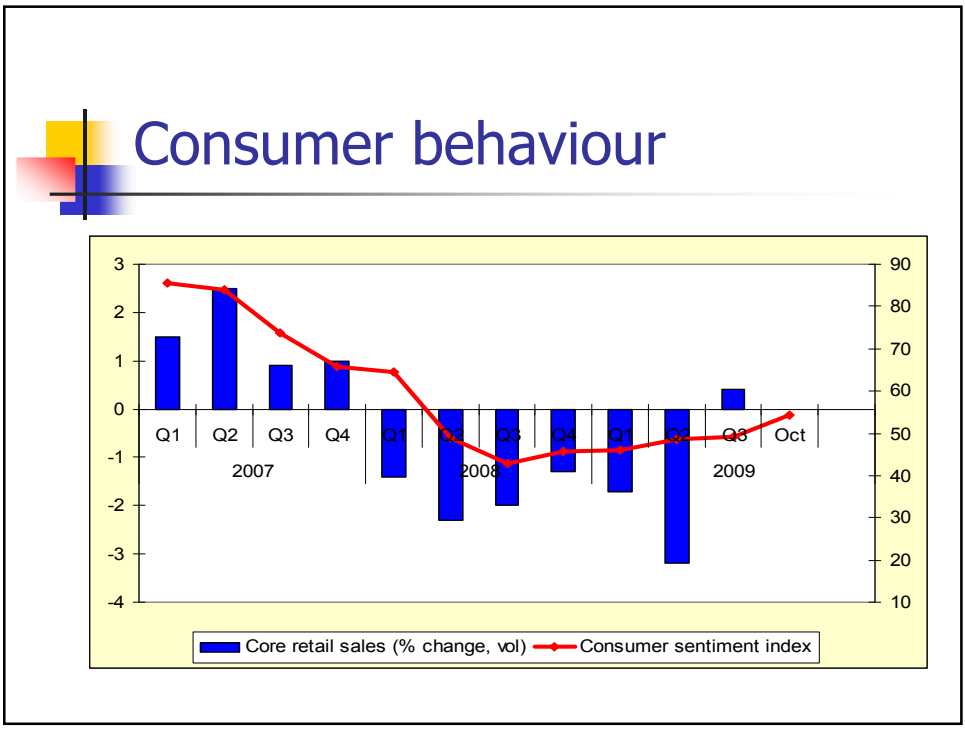
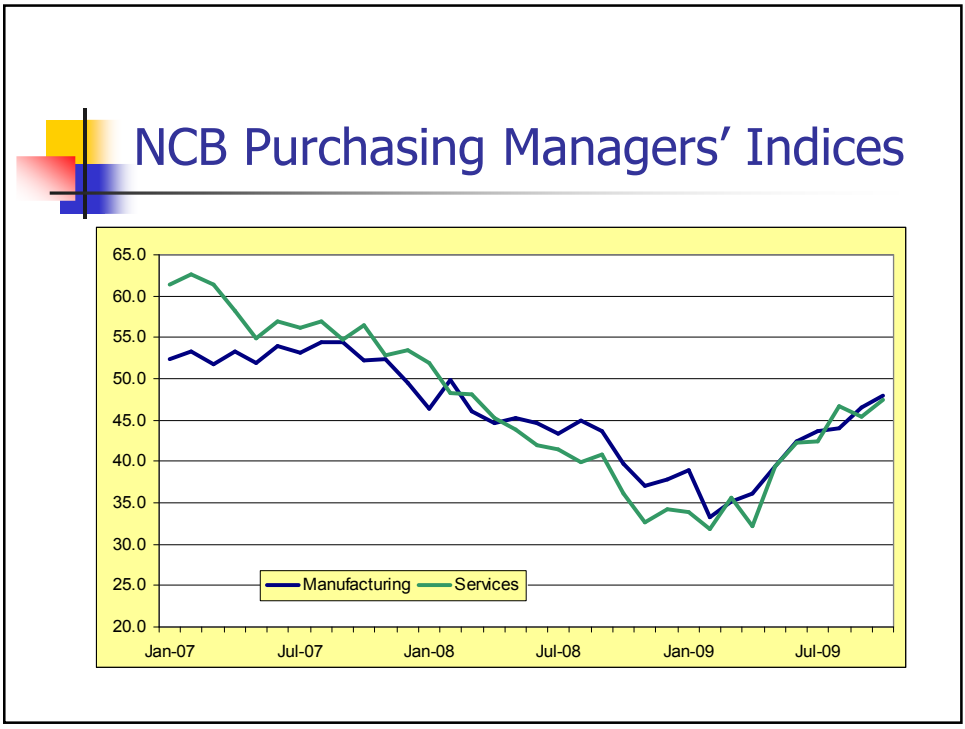
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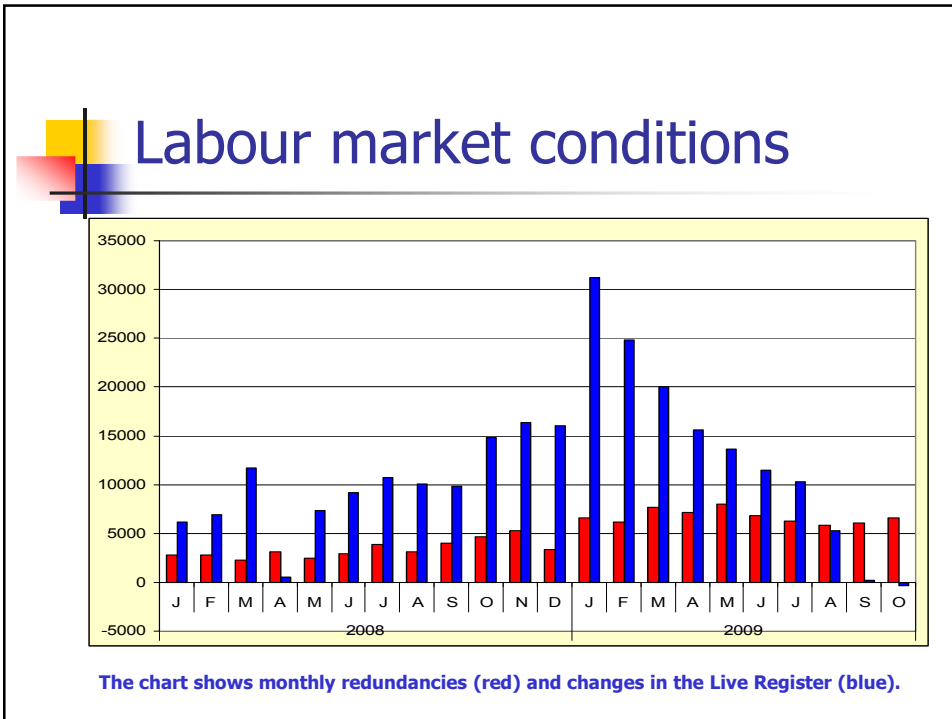


## Ireland: Employment, 1981-2009



## Latest economic indicators





## The economic outlook

## Latest OECD GDP forecasts

(% change)	2009	2010	2011
<b>US</b>	-2.5	2.5	2.8
<b>UK</b>	-4.7	1.2	2.2
<b>Euro zone</b>	-4	0.9	1.7
<b>OECD</b>	-3.5	1.9	2.5

*Source: OECD Economic Outlook, November 2009*

## Finland: the early 1990s

- Cumulative GDP decline of 13.5%
- Recession lasted 3 years; another 3 years elapsed before pre-recession peak reached again
- Exports led the recovery
- Investment, especially house-building lagged well behind
- Improvement in labour market conditions also lagged behind
- Employment fell in each of the years 1990 through 1994 (cumulative 18%)
- Unemployment rate rose from 4.4% in 1989 to 17.9% in 1994 before starting a slow decline



## Ireland: latest 'consensus' macro forecasts

<i>(% change)</i>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Consumer spending</b>	-7.6	-2.7	1.1
<b>Investment</b>	-30.0	-17.0	1.6
<b>Exports</b>	-3.0	1.0	3.2
<b>GDP</b>	-7.5	-1.5	2.2
<b>GNP</b>	-9.5	-2.0	2.3
<b>CPI</b>	-4.3	-0.5	1.5



## The labour market: trends and prospects

## Ireland: labour market prospects

(%)*	2008	2009	2010	2011
<b>Employment growth</b>	-0.6	-7.9	<b>-3.6</b>	<b>0.8</b>
<b>Unemployment rate</b>	6.4	12.2	<b>13.8</b>	<b>13.3</b>

\* Average of 8 recent forecasts

Total employment seen falling by 2010 to its level of early 2004;  
unemployment rate rising to its highest value since 1994

## Unemployment and GDP

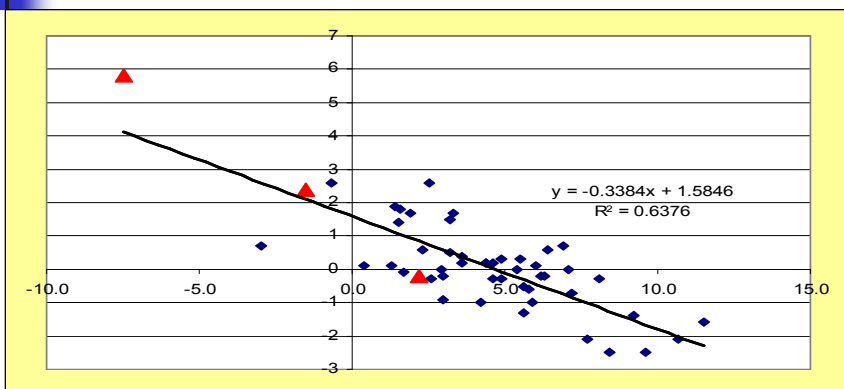
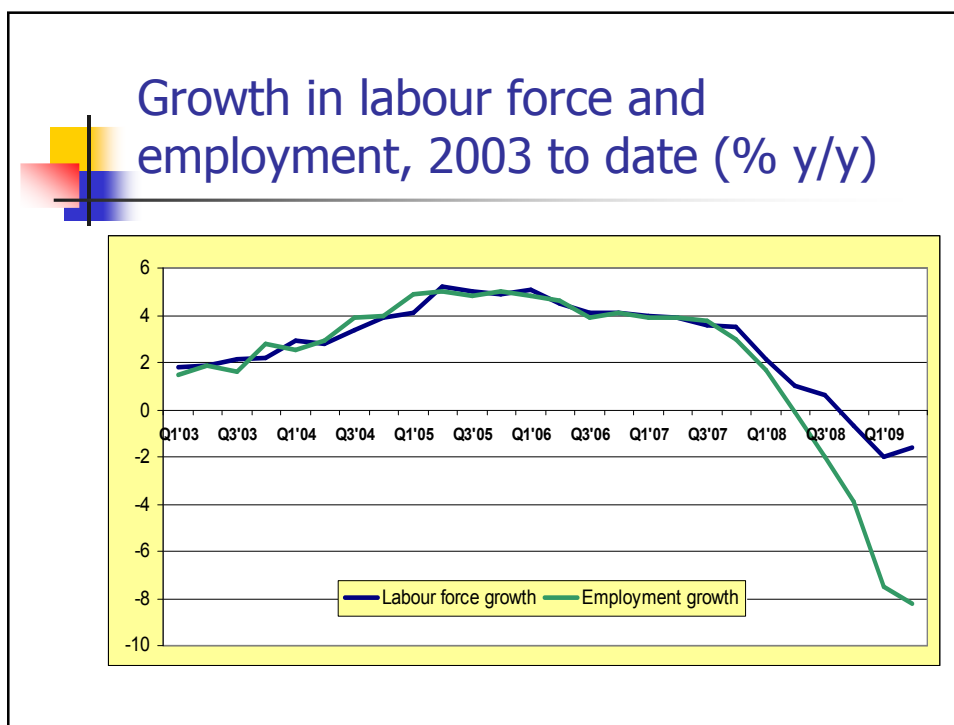
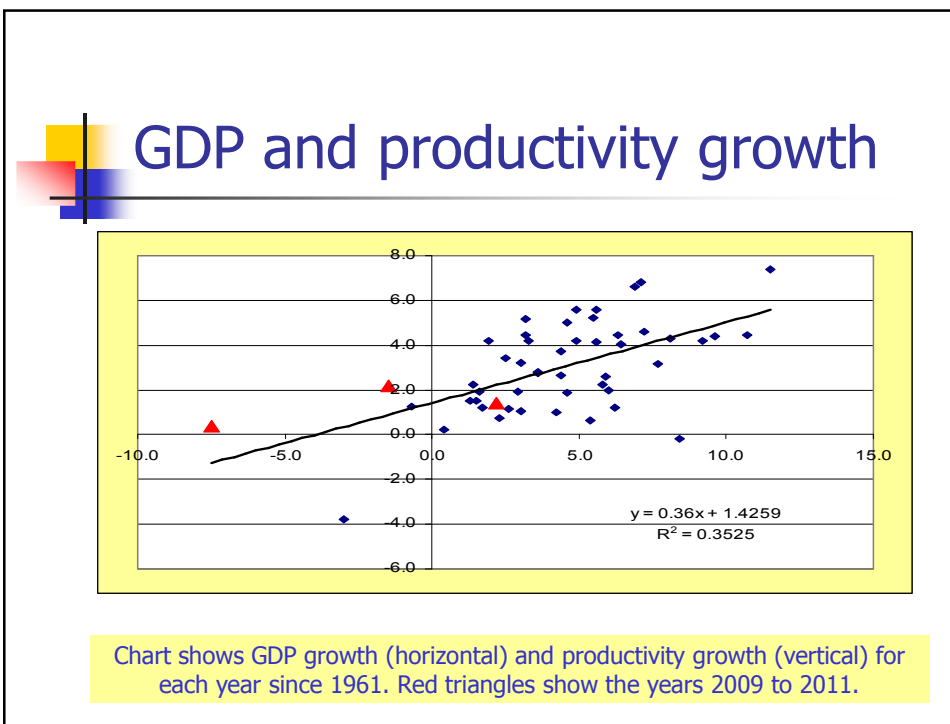


Chart shows GDP growth (horizontal axis) and change in unemployment rate (vertical) each year since 1961 for Ireland. The years 2009-2011 are highlighted in red. On average over this period, a GDP growth rate of **4.7%** has been required to stop unemployment rising.





## Evidence on recent migration behaviour

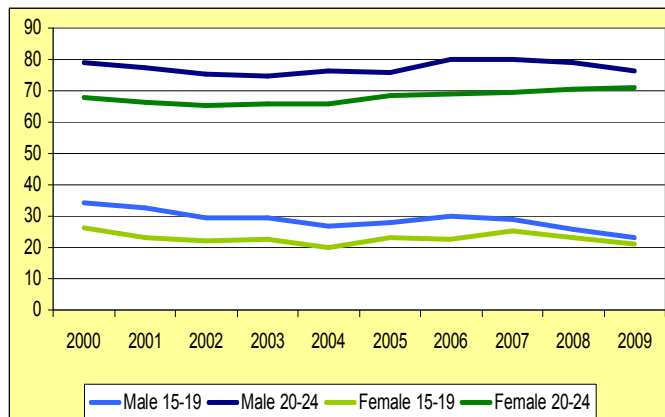
- Net emigration of 8,000 in year ending April 2009 (average net immigration of 53,000 in 2004-08 period)
- Estimated population of adult non-nationals fell from 479k to 445k between Q2 2008 and Q2 2009
- Since April the number of non-nationals on the Live Register has fallen slightly despite continued rise in overall Register (382k to 412k) and continuation of heavy redundancies

## Conditions in other relevant labour markets

(%)	Unemployment Rate		Employment Growth	
	2009	2010	2009	2010
<b>Ireland</b>	12.2	13.8	-7.9	-3.6
<b>Poland</b>	8.4	9.9	-0.7	-1.1
<b>Latvia</b>	16.9	19.9	-11.9	-5.6
<b>Lithuania</b>	14.5	17.6	-8.3	-2.4
<b>UK</b>	7.8	8.7	-2.4	-0.9
<b>US</b>	9.2	10.1	-0.5	0.3

EU Commission forecasts: Autumn 2009

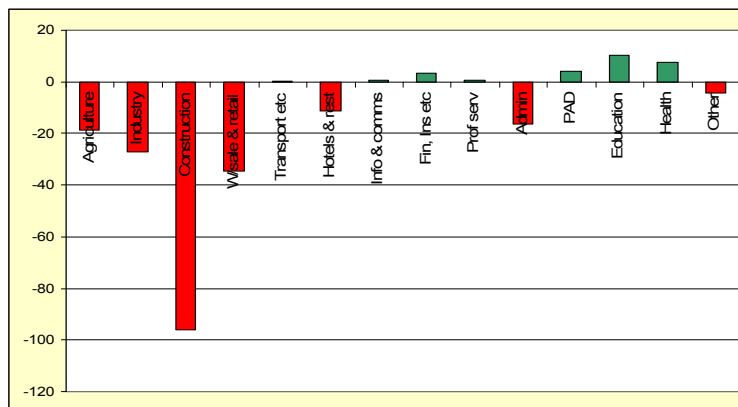
## Labour force participation rates, 2000-2009



## Labour market trends by age-group: Q1 2008 – Q2 2009

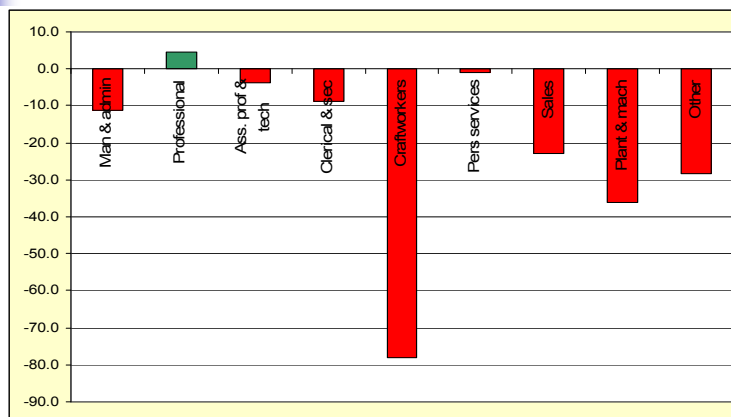
Age	Employment (000s)	Employment (%)	Unemployment (000s)
<b>15-19</b>	<b>-22.0</b>	<b>-36.0</b>	<b>12.8</b>
<b>20-24</b>	<b>-59.9</b>	<b>-25.7</b>	<b>30.7</b>
25-34	-62.5	-9.8	55.2
35-44	-25.4	-5.0	31.1
45-54	-12.3	-3.0	17.1
55-59	2.5	1.8	4.5
60-64	-4.1	-4.5	3.6
65+	-1.8	-3.9	0.0

## Job gains/losses by sector: Q1 2008 – Q2 2009 (000s)



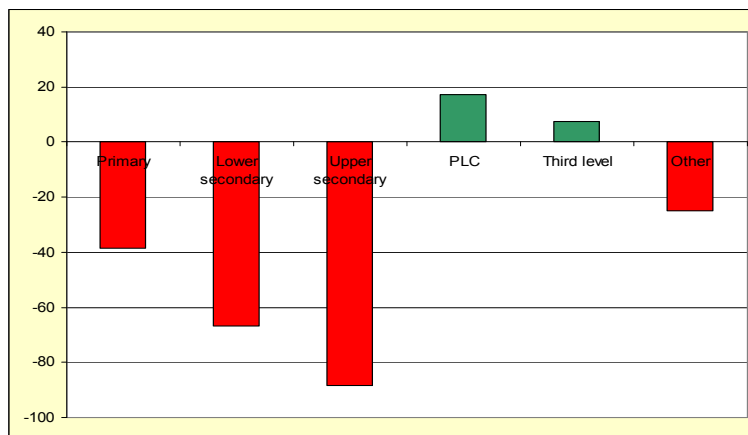
Employment has fallen by 195,000 over this period. Construction accounts for almost 50%, wholesale and retail trade for about 18% and manufacturing for 14%.

## Job gains/losses by occupation: Q1 2008 – Q2 2009 (000s)



Almost 42% of the decline in employment is accounted for by craftworkers, another 20% by plant and machinery operatives and a further 12% by salesworkers.

Job gains/losses by education attainment:  
Q1 2008 – Q2 2009 (000s)



Change in Live Register by region,  
Oct 2007 - Oct 2009 (%)

